

Financial Report
Terrebonne Parish Library
Houma, Louisiana
For the year ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

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December 31, 2007

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Library (the Library), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Library as of December 31, 2007, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2008 on our consideration of Terrebonne Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 9 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 20, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Library

The Management's Discussion and Analysis of the Terrebonne Parish Library's (the Library) financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Library's assets exceeded its liabilities at the close of fiscal year 2007 by \$ 16,298,159 (net assets), which represents a 9.46% increase from last fiscal year.

The Library's revenue increased \$355,304 (or 5.48%) primarily due to an increase in sales and use tax collections and the donation of a mobile library and office equipment.

The Library's expenses increased \$729,788 (or 15.54%) primarily due to an increase in personal services, depreciation expense, and other services and charges.

The Library did not have any funds with deficit fund balances.

Capital assets increased \$1,170,798 due to the completion of the East Houma renovations and the purchase of new computers and office equipment. Also, contributing to the increase in capital assets was the donation of new computers and a book mobile.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Library:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful

indicator of whether the financial position of the Library is improving or deteriorating. The statement of activities presents information showing how the Library's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Library is culture and recreation and includes various services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Library are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Capital Projects Fund. The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 10 - 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Library's financial position. As of December 31, 2007, assets exceeded liabilities by \$16,298,159. A large portion of the Library's net assets (41.98%) reflects its investment in capital assets (e.g., buildings; office furniture and equipment; library collection and construction in progress). Consequently, these assets are not available for future spending.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2007	2006	
Current and other assets	\$ 10,199,045	\$ 10,133,223	\$ 65,822
Capital assets	16,525,138	15,354,340	1,170,798
Total assets	<u>26,724,183</u>	<u>25,487,563</u>	<u>1,236,620</u>
Current Liabilities	553,322	330,042	223,280
Long-term liabilities outstanding	9,872,702	10,268,278	(395,576)
Total liabilities	<u>10,426,024</u>	<u>10,598,320</u>	<u>(172,296)</u>
Net Assets:			
Invested in capital assets, net of related debt	6,841,522	5,203,238	1,638,284
Restricted	1,560,248	1,689,615	(129,367)
Unrestricted	7,896,389	7,996,390	(100,001)
Total net assets	<u>\$ 16,298,159</u>	<u>\$ 14,889,243</u>	<u>\$ 1,408,916</u>

Governmental Activities

Governmental activities increased the Library's net assets by \$1,408,916. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar	Total
	2007	2006	Change	Percent
Revenues:				
Taxes - sales and use	\$ 6,000,950	\$ 5,897,638	\$ 103,312	1.75%
Intergovernmental	96,770	30,315	66,455	219.21%
Grants	47,423	-	47,423	100.00%
Donations	196,217	-	196,217	100.00%
Charges for services	21,029	21,129	(100)	-0.47%
Fines and Forfeitures	26,808	27,939	(1,131)	-4.05%
Miscellaneous				
Interest	424,276	457,424	(33,148)	-7.25%
Other	22,448	46,172	(23,724)	-51.38%
Total revenues	<u>6,835,921</u>	<u>6,480,617</u>	<u>355,304</u>	5.48%
Expenses:				
Culture and recreation	4,875,737	4,115,930	759,807	18.46%
Interest on long term debt	551,268	581,287	(30,019)	-5.16%
Total expenses	<u>5,427,005</u>	<u>4,697,217</u>	<u>729,788</u>	15.54%
Increase in net assets	1,408,916	1,783,400	(374,484)	-21.00%
Net assets beginning of year	14,889,243	13,105,843	1,783,400	13.61%
Net assets end of year	<u>\$ 16,298,159</u>	<u>\$ 14,889,243</u>	<u>\$ 1,408,916</u>	9.46%

Intergovernmental revenue increased 219.21% due to additional grant received for enhancement of technology and development library resources. Donations increased by \$196,217 due to the donation of the mobile library and office equipment. Culture and recreation expenses increased 18.46% largely due to increases in personal services, depreciation expense, and other services and charges.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Library's governmental funds reported combined ending fund

balances of \$9,650,953, a decrease of \$151,076 in comparison with the prior year. Fund balance in the General Fund is \$7,953,420 of this amount \$1,290,900 has been designated for subsequent years expenditures and \$6,662,520 is available for spending at the Library's discretion. The remainder of fund balance is included in the Debt Service Fund and is reserved to indicate that it is not available for new spending because it has already been committed to the bonds.

The General Fund is the chief operating fund of the Library. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$6,662,520, while total governmental fund balances were \$9,650,953. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balances and total governmental fund balance to total fund expenditures. The fund balance of the Library's General Fund decreased by \$15,069 during the current fiscal year. The key factor of this decrease was the increase in capital outlay and personal services.

The Debt Service Fund has a total fund balance of \$1,697,513. The decrease in fund balance of \$136,024 was due to payments of debt service.

General Fund Budgetary Highlights

The budget was amended two times during the year. The primary reasons for amending the budget were to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Increases in taxes reflect an increase in expected sales and use tax collections.
- Increase in intergovernmental and grants reflects the increase funds received.

Expenditures

- Increase in expenditures reflects an increase in personal services and other services and charges.

During the year, revenues were \$261,916 more than budgetary estimates and expenditures were \$862,749 less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Library's capital assets for its governmental activities as of December 31, 2007, amounts to \$16,525,138 (net of accumulated depreciation). This investment in capital assets includes construction in progress, buildings, office furniture and equipment and library collections (see the table on next page).

	<u>2007</u>	<u>2006</u>
Construction in Progress	\$ 367,741	\$ 605,174
Buildings	16,756,920	15,131,588
Office furniture and equipment	1,908,415	1,533,909
Library Collection	<u>8,056,005</u>	<u>7,904,307</u>
Totals	<u>\$ 27,089,081</u>	<u>\$ 25,174,978</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of items for the library collection.
- Purchase of new computers and office equipment.
- Donation of a mobile library and new computers.
- Completion of East Houma renovations.

Additional information on the Library's capital assets can be found in the Note 3, Exhibit F of this report.

Long-term Debt

At December 31, 2007, the Library had \$10,395,000 in long-term debt outstanding down from \$10,950,000 for a decrease of \$555,000, which was the amount of 2007 principle payments on outstanding debt. More detailed information about the Library's long-term debt is presented in Note 5, Exhibit F of this report.

The Library's bonds maintain an "A2" rating from Moody's Investors Service and an "AAA" rating from Standard and Poor's Rating Service.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Library's 2008 cash flow has been budgeted with the following increases in the expenditures:
 - Personnel services, 14.5%
 - General and administrative, 3.4%
 - Capital expenditures, .3%

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Library, Houma, Louisiana 70360.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Library**

December 31, 2007

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit B)	Statement of Net Assets
Assets						
Cash	\$ 190,614			\$ 190,614		\$ 190,614
Investments	7,070,217	\$ 1,709,234	\$ 425	8,779,876		8,779,876
Receivables:						
Sales and use taxes	587,247	-	-	587,247		587,247
Other	8,718	-	-	8,718	\$ 42,890	51,608
Due from other funds	-	-	10,000	10,000	(10,000)	-
Due from Terrebonne Parish Sales and Use Tax Department - sales and use taxes	485,360	-	-	485,360	-	485,360
Deferred bond issuance costs	-	-	-	-	104,340	104,340
Capital assets:						
Non-depreciable	-	-	-	-	367,741	367,741
Depreciable, net of accumulated depreciation	-	-	-	-	16,157,397	16,157,397
Total assets	\$ 8,342,156	\$ 1,709,234	\$ 10,425	\$ 10,061,815	16,662,368	26,724,183
Liabilities						
Accounts payable and accrued expenditures	\$ 278,407		\$ 405	\$ 278,812	152,460	431,272
Liability for work completed on contracts	63,684		10,000	73,684	-	73,684
Due to Terrebonne Parish Consolidated Government	36,645	\$ 11,721	-	48,366	-	48,366
Due to other funds	10,000	-	-	10,000	(10,000)	-
Long-term liabilities:						
Due within one year	-	-	-	-	631,235	631,235
Due after one year	-	-	-	-	9,241,467	9,241,467
Total liabilities	388,736	11,721	10,405	410,862	10,015,162	10,426,024
Fund Balances/Net Assets						
Fund balances:						
Reserved:						
Debt service	-	1,697,513	-	1,697,513	(1,697,513)	-
Designated for subsequent year's expenditures	1,290,900	-	-	1,290,900	(1,290,900)	-
Unreserved - undesignated	6,662,520	-	20	6,662,540	(6,662,540)	-
Total fund balances	7,953,420	1,697,513	20	9,650,953	(9,650,953)	-
Total liabilities and fund balances	\$ 8,342,156	\$ 1,709,234	\$ 10,425	\$ 10,061,815		
Net assets:						
Invested in capital assets, net of related debt					6,841,522	6,841,522
Restricted:						
Debt service					1,560,248	1,560,248
Unrestricted					7,896,389	7,896,389
Total net assets					\$ 16,298,159	\$ 16,298,159

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Terrebonne Parish Library

December 31, 2007

Fund Balances - Governmental Fund		\$ 9,650,953
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 27,089,081	
Less accumulated depreciation	<u>(10,563,943)</u>	16,525,138
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Accrued interest receivable	42,890	
Deferred bond issuance costs	<u>104,340</u>	147,230
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	(10,395,000)	
Deferred amount on refunding	641,529	
Premium on refunded debt	(34,485)	
Accrued interest payable	(152,460)	
Other postemployment benefit obligation	<u>(84,746)</u>	<u>(10,025,162)</u>
Net Assets of Governmental Activities		<u>\$ 16,298,159</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Terrebonne Parish Library

For the year ended December 31, 2007

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues						
Taxes - sales and use	\$ 6,000,950			\$ 6,000,950		\$ 6,000,950
Intergovernmental	96,770			96,770		96,770
Grants	47,423			47,423		47,423
Donations	196,217			196,217		196,217
Charges for services	21,029			21,029		21,029
Fines and forfeitures	26,808			26,808		26,808
Miscellaneous:						
Interest	339,601	\$ 87,850	\$ 17	427,468	\$ (3,192)	424,276
Other	22,448	-	-	22,448	-	22,448
Total revenues	6,751,246	87,850	17	6,839,113	(3,192)	6,835,921
Expenditures/Expenses						
Current:						
Culture and recreation:						
Personal services	2,307,046			2,307,046	84,746	2,391,792
Supplies and materials	174,900			174,900	-	174,900
Other services and charges	832,525			832,525	-	832,525
Repairs and maintenance	353,984			353,984	(113,392)	240,592
Depreciation	-			-	1,235,928	1,235,928
Total culture and recreation	3,668,455			3,668,455	1,207,282	4,875,737
Debt service:						
Principal retirement	-	555,000		555,000	(555,000)	-
Interest and fiscal charges	-	473,400		473,400	77,868	551,268
Total debt service	-	1,028,400		1,028,400	(477,132)	551,268
Capital outlay	2,406,726	-	-	2,406,726	(2,406,726)	-
Total expenditures/expenses	6,075,181	1,028,400	-	7,103,581	(1,676,576)	5,427,005
Excess (deficiency) of revenues over expenditures	676,065	(940,550)	17	(264,468)	1,673,384	1,408,916
Other Financing Sources (Uses)						
Insurance reimbursement	113,392	-	-	113,392	(113,392)	-
Operating transfers in	-	804,526	-	804,526	(804,526)	-
Operating transfers out	(804,526)	-	-	(804,526)	804,526	-
Total other financing sources (uses)	(691,134)	804,526	-	113,392	(113,392)	-
Excess (Deficiency) of Revenues Over Expenditures	(15,069)	(136,024)	17	(151,076)	151,076	-
Change in Net Assets	-	-	-	-	1,408,916	1,408,916
Fund Balances/Net Assets						
Beginning of year	7,968,489	1,833,537	3	9,802,029	5,087,214	14,889,243
End of year	\$ 7,953,420	\$ 1,697,513	\$ 20	\$ 9,650,953	\$ 6,647,206	\$ 16,298,159

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Library

For the year ended December 31, 2007

Net Change in Fund Balances - Governmental Fund **\$ (151,076)**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,406,726	
Depreciation expense	<u>(1,235,928)</u>	1,170,798

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds.

Decrease in accrued interest receivable		(3,192)
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The issuance of long-term debt provides current financial resources
to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any
effect on net assets. Also, governmental funds report the effect
of issuance costs, premiums, discounts and similar items when
debt is first issued, whereas these amounts are deferred and
amortized in the statement of activities.

Principal payments	555,000	
Amortization of deferred bond issuance cost/deferred bond premium /deferred amount on refunding	<u>(87,514)</u>	467,486

Some expenditures reported in the statement of activities do not require
the use of current financial resources and, therefore, are not reported
as expenditures in governmental funds.

Other postemployment benefits	(84,746)	
Accrued interest	<u>9,646</u>	<u>(75,100)</u>

Change in Net Assets of Governmental Activities **\$ 1,408,916**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Library

For the year ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
Revenues				
Taxes - sales and use	\$ 5,660,000	\$ 5,955,000	\$ 6,000,950	\$ 45,950
Intergovernmental	30,400	65,130	96,770	31,640
Grants	-	66,700	47,423	(19,277)
Donations	-	-	196,217	196,217
Charges for services	25,000	25,000	21,029	(3,971)
Fines and forfeitures	34,500	34,500	26,808	(7,692)
Miscellaneous:				
Interest	250,000	320,000	339,601	19,601
Other	20,000	23,000	22,448	(552)
Total revenues	6,019,900	6,489,330	6,751,246	261,916
Expenditures				
Current:				
Culture and recreation:				
Personal services	2,204,640	2,301,330	2,307,046	(5,716)
Supplies and materials	174,000	185,000	174,900	10,100
Other services and charges	1,242,100	1,259,100	832,525	426,575
Repairs and maintenance	330,500	322,500	353,984	(31,484)
Total culture and recreation	3,951,240	4,067,930	3,668,455	399,475
Capital outlay	2,230,000	2,870,000	2,406,726	463,274
Total expenditures	6,181,240	6,937,930	6,075,181	862,749
Excess (deficiency) of revenues over expenditures	(161,340)	(448,600)	676,065	1,124,665
Other Financing Uses				
Insurance reimbursement	-	-	113,392	113,392
Operating transfers out	(1,025,864)	(1,025,864)	(804,526)	221,338
Deficiency of Revenues Over Expenditures	(1,187,204)	(1,474,464)	(15,069)	1,459,395
Fund Balance				
Beginning of year	6,878,955	7,968,489	7,968,489	-
End of year	\$ 5,691,751	\$ 6,494,025	\$ 7,953,420	\$ 1,459,395

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Library**

December 31, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Library (the Library) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Library is a department within the Terrebonne Parish Consolidated Government (the Parish) for which the Parish Council appoints an advisory Board of Control. The Library is a component unit of the Parish and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2007.

The Library has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

The Library's financial statements consist of the government-wide statements on all activities of the Library and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Library. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is now on the major funds in governmental categories. The daily accounts and operations of the Library continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the Governmental Funds of the Library:

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities and is reported as a major fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is reported as a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Sales taxes are considered "measurable" when in the hands of merchants and are recognized as revenue at that time. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

The Board of Control (the Board) adopted a budget for the Library's General Fund. The public hearings and advertisements were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Library amended its budget twice during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

f) Accounts Receivable

The financial statements of the Library contain no allowance for uncollectible accounts. Uncollectible amounts due for sales and use taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the fund.

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met.

Some Library monies are held and invested by the Parish. Investments during the year consisted of Certificates of Deposit, Federal Home Loan Bank Notes, Federal National Mortgage Association (FNMA) Notes, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Mortgage Association Notes and LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Deferred Bond Issuance Costs

The Library has capitalized deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt.

i) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets, except for the library collection, purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with estimated historical costs amounted to \$681,359 or 2.52% of total capital assets. All items included in the library collections are capitalized and valued at historical cost. Library collection items disposed of are accounted for at 100% of the average cost of the item. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 40 years
Office furniture and equipment	3 - 10 years
Library collection	4 - 5 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (continued)

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of public library sales tax bonds.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

k) Accumulated Vacation and Sick Leave

Full-time employees are granted between 10 and 20 days of vacation each calendar year, depending on their length of employment and position. Vacation time does not vest. Any unused vacation time remaining at December 31 is forfeited, however with the director's approval vacation time can be carried to the next year, not to exceed 20 days. Sick leave is granted to full-time employees at a rate of 10 days per year. Each full-time employee accrues sick leave at a rate of 1.56 hours per each 40 hours worked. Sick leave that is not used may be accumulated. Sick leave does not vest and no payments are made to employees upon termination of employment.

l) Interfund Transfers

Permanent reallocations of resources between funds of the Library are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Library’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designations represent tentative management plans which are subject to change. Amounts designated for subsequent year’s expenditures represent budget expenditures in excess of revenues in the 2008 budget.

Note 2 - DEPOSITS AND INVESTMENTS

Some Library monies are held in a cash and investment pool maintained by the Parish and available for use by all funds. The Library's portion of this pool is displayed on the Statements of Net Assets and Governmental Fund Balance Sheet as "cash" and "investments."

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 295,078	\$ 190,614
Investments		
Certificates of deposit	4,170,929	4,170,929
Totals	<u>\$ 4,466,007</u>	<u>\$ 4,361,543</u>

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board has a written policy for custodial credit risk. As of December 31, 2007, \$4,310,303 of the Library's bank balance of \$4,466,007 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

As mentioned previously, some funds are held and invested by the Parish who has proper pledging to cover funds for the Library. At December 31, 2007, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Library and the Parish, respectively. The Governmental Accounting Standards Board (GASB), which promulgates the standards

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Library to invest in the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

At December 31, 2007, the Library had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
Federal Home Loan Bank Notes	\$ 2,000,753	\$ 1,925,578	\$ 75,175
Federal Home Loan Mortgage Corporation Notes	302,098	302,098	-
Federal Farm Credit Bank Notes	300,926	300,926	-
Federal National Mortgage Association Notes	100,252	100,252	-
Louisiana Asset Management Pool (LAMP)	<u>1,904,918</u>	<u>1,904,918</u>	<u>-</u>
	<u>\$ 4,608,947</u>	<u>\$ 4,533,772</u>	<u>\$ 75,175</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Because LAMP as of December 31, 2007, had a weighted average maturity of 26 days, it was presented as an investment with a maturity of less than one year.

As a means of limiting its exposure to fair value losses arising from interest rates, the Parish's investment policy emphasizes maintaining liquidity to match specific cash flows.

The above investments are held in the name of the Parish by an unaffiliated custodial agent bank.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Parish's investment policy requires the application of the prudent investors rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed on the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The Library's investment policy limits investments to those discussed earlier in this note. All securities and LAMP have a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

Investments in LAMP at December 31, 2007 amounted to \$1,904,918 and are classified on the Statement of Net Assets as "Investments".

A reconciliation of deposits and investments as shown on the Statement of Net Assets and Governmental Fund Balance Sheet for the Library is as follows:

Reported amount of deposits	\$ 4,361,543
Reported amount of investments	<u>4,608,947</u>
Total	<u>\$ 8,970,490</u>
Cash	\$ 190,614
Investments	<u>8,779,876</u>
Total	<u>\$ 8,970,490</u>

Note 3 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets not being depreciated:				
Construction in Progress	\$ 605,174	\$ 1,357,362	\$ 1,594,795	\$ 367,741
Capital assets being depreciated:				
Buildings	15,131,588	1,625,332	-	16,756,920
Office furniture and equipment	1,533,909	374,506	-	1,908,415
Library collection	7,904,307	644,321	492,623	8,056,005
Total capital assets being depreciated	24,569,804	2,644,159	492,623	26,721,340
Less accumulated depreciation for:				
Buildings	(2,331,195)	(381,703)	-	(2,712,898)
Office furniture and equipment	(1,104,959)	(243,032)	-	(1,347,991)
Library collection	(6,384,484)	(611,193)	(492,623)	(6,503,054)
Total accumulated depreciation	(9,820,638)	(1,235,928)	(492,623)	(10,563,943)
Total capital assets being depreciated, net	14,749,166	1,408,231	-	16,157,397
Total capital assets, net	\$ 15,354,340	\$ 2,765,593	\$ 1,594,795	\$ 16,525,138

The library collection represents the value of books, periodicals, audios, videos, dvd's and serials.

Note 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2007 consisted of the following:

	General Fund	Capital Projects Fund	Governmental Funds Total	Accrued Interest	Government- Wide Total
Vendors	\$ 275,815	\$ 10,405	\$ 286,220	\$ 152,460	\$ 438,680
Salaries and benefits	66,276	-	66,276	-	66,276
Totals	\$ 342,091	\$ 10,405	\$ 352,496	\$ 152,460	\$ 504,956

Note 5 - LONG-TERM DEBT

At December 31, 2007, the Library had outstanding public library sales tax bonds totaling \$10,395,000. The bonds bear interest ranging from 4.00% to 7.00% and are payable through March 1, 2020. The bonds are secured by an irrevocable pledge and dedication of the proceeds of the one-fourth of one percent (1/4%) sales and use tax now being levied and collected.

The following is a summary of changes in the long-term debt of the Library for the year ended December 31, 2007:

	Sales Tax Bonds	OPEB	Total
Payable, January 1, 2007	\$ 10,950,000	\$ -	\$ 10,950,000
New issues	-	125,981	125,981
Obligations paid	<u>(555,000)</u>	<u>(41,235)</u>	<u>(596,235)</u>
Payable, December 31, 2007	10,395,000	84,746	10,479,746
Less:			-
Unamortized bond premium	34,485	-	34,485
Deferred amount on refunding	<u>(641,529)</u>	<u>-</u>	<u>(641,529)</u>
Net bonds payable at December 31, 2007	<u>\$ 9,787,956</u>	<u>\$ 84,746</u>	<u>\$ 9,872,702</u>
Net bonds payable are classified in the financial statements as follows:			
Current	\$ 590,000	\$ 41,235	\$ 631,235
Long-term	<u>9,197,956</u>	<u>43,511</u>	<u>9,241,467</u>
Total	<u>\$ 9,787,956</u>	<u>\$ 84,746</u>	<u>\$ 9,872,702</u>

The annual requirements to amortize public library sales tax bonds outstanding at December 31, 2007 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 590,000	\$ 442,006	\$ 1,032,006
2009	620,000	410,106	1,030,000
2010	655,000	376,131	1,031,131
2011	690,000	344,881	1,034,881
2012	725,000	316,581	1,041,581
2013 - 2017	4,160,000	1,061,806	5,221,806
2018 - 2020	<u>2,955,000</u>	<u>183,703</u>	<u>3,138,703</u>
Totals	<u>\$10,395,000</u>	<u>\$3,135,214</u>	<u>\$13,530,214</u>

See Note 9 for further explanation of the net other postemployment benefit (OPEB) obligation.

Note 6 - RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2007 is as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 804,526
Debt Service Fund	<u>804,526</u>	<u>-</u>
Totals	<u>\$ 804,526</u>	<u>\$ 804,526</u>

Note 7 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Library carries commercial auto insurance and participates in the Parish's risk management program for general liability, workers' compensation, group insurance and property insurance. No settlements were made during the year that exceeded the Library's insurance coverage. The Library's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for property insurance are based on the Library's percentage of property value to the total of the Parish's property value covered.

The Parish handles all claims filed against the Library. The Library could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Property Insurance	\$100,000,000

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$3,202,255 for general liability, workers' compensation and property insurance at December 31, 2006, then secondly by the Library. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2006 was \$11,042,931. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to

Note 7 - RISK MANAGEMENT (Continued)

be funded first by assets of the Parish's group health internal services fund, \$2,834,356 at December 31, 2006, then secondly by the Library or the employee for individual claims in excess of \$1,000,000. Coverage for workers' compensation claim liabilities are to be funded first by assets of the Parish's workers' compensation internal service fund, \$3,202,255 at December 31, 2006, then secondly by the Library. At December 31, 2007, the Library had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2007 totaled \$696,740.

Note 8 - COMMITMENTS AND CONTINGENCIES

On December 31, 2007, the Library had \$588,844 in public works contracts of which \$527,668 was incomplete.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Library administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Terrebonne Parish Council. The Library funds the entire premium for all benefits on all employees. For employees retiring before January 1, 2005 the Library funded the premiums for employees retiring with at least ten years of service upon retiring from the formal retirement systems and will participate in the cost at the applicable single rates. Library employees retiring with at least ten years of permanent full-time creditable service with the Library shall be eligible to participate in the Plan approved by the Parish Council under the following vesting schedule as adopted for retirements on or after January 1, 2005: 11 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 20, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees' Retirement System, see Note 10. The Library does not issue a publicly available financial report on the Plan.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy

The Library fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2007 the Library paid \$41,235 for the retirees' current year premiums.

Annual OPEB Cost and Net OPEB Obligation

In fiscal year 2007 the Library recognized a net other postemployment benefit (OPEB) obligation for covered postemployment healthcare benefits in accordance with the provisions of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). GASB 45 was implemented prospectively with zero net obligation at transition. The Library's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Library's annual OPEB cost for the transition year, the premiums actually paid and the Library's net OPEB obligation.

Annual required contribution	\$ 125,981
Premiums paid	<u>(41,235)</u>
Net OPEB obligation-end of year	<u>\$ 84,746</u>

The Library's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB obligation as of December 31, 2007 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
12/31/2007	\$ 125,981	32.7%	<u>\$ 84,746</u>

The net OPEB obligation is reported as follows:

Non-current liabilities:

Due within one year	\$ 41,235
Due in more than one year	<u>43,511</u>

Net OPEB obligation-end of year	<u>\$ 84,746</u>
---------------------------------	------------------

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funded Status and Funding Progress

As of January 1, 2007, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$2,474,737. Covered payroll for eligible employees was \$1,467,835 and the total UAAL represents 168.6 percent of covered payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. The actuarial calculations reflect a long-term perspective.

In the January 1, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual medical cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6 percent after nine years. The dental cost trend was initially 6.5 percent, reduced by decrements to an ultimate rate of 4 percent after five years. Zero trend was assumed for valuing life insurance. As of the valuation date, the Library only pays required insurance premiums directly from Library resources, accordingly there are no plan assets, hence no need for an actuarial value of assets. The UAAL is being amortized as a level percent of payroll on a closed basis. The remaining amortization period at January 1, 2007 was 30 years.

Required Supplementary Information

Once an additional OPEB actuarial valuation is completed, the Library will be required to present a required schedule of funding progress immediately following the notes to its financial statements showing multiyear trend information about whether the actuarial accrued liability is increasing or decreasing over time

Note 10 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Library contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy - Plan members are required to contribute 3.00% of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 6.00% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Library are established and may be amended by state statute. The Library's contributions to the System for the years ending December 31, 2007, 2006, and 2005 were \$78,503, \$72,072 and \$57,172, respectively, equal to the required contributions for each year.

Note 11- COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2007.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the financial statements of the governmental activities and each major fund of Terrebonne Parish Library (the Library), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Library in a separate letter dated June 20, 2008.

This report is intended solely for the information and use of the Board of Control, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 20, 2008.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Library

For the year ended December 31, 2007

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Terrebonne Parish Library did not expend federal awards during the year ended December 31, 2007.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2007.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Library

For the year ended December 31, 2007

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2006.
No significant deficiencies were reported during the audit for the year ended December 31, 2006.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2006.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not expend federal awards during the year ended December 31, 2006.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2006.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Library

For the year ended December 31, 2007

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2007.
No significant deficiency(ies) were reported during the audit for the year ended December 31, 2007.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2007.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not expend federal awards during the year ended December 31, 2007.

Section III Management Letter

07-1 **Recommendation** – We recommend the Library have an attorney familiar with Attorney General opinion number 97-190 aid in the revision of the Directors employment contract in order to clearly comply with the opinion.

Management's Corrective Action - Management has obtained a legal opinion from Courtney Alcock, the parish attorney, which states that the one-time performance payments do not appear to be donations in violation of Const. Art. VII, § 14 as interpreted by Attorney General Opinion No. 97-190. However, the parish attorney's opinion does recommend that the Director's employment contract be reviewed to ensure that it sets out the intent of the compensation plan and contains objective standards for awarding the payments. Therefore, management has requested that the board attorney review the contract and recommend any necessary modifications. This is currently in process.



Bourgeois Bennett

To the Board of Control
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Library (the Library), as of and for the year ended December 31, 2007, and have issued our report thereon dated June 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the Library's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter, which represents an immaterial opportunity for strengthening internal controls and immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding this matter. We previously reported on the Library's internal control and compliance in our report dated June 20, 2008. This letter does not affect our report dated June 20, 2008 on the basic financial statements of the Library.

We will review the status of this comment during our next audit engagement. We have already discussed the comments and recommendations with the Library, and we will be pleased to discuss it in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendation.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 20, 2008

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MANAGEMENT COMMENTS

Terrebonne Parish Library

For the year ended December 31, 2007

07 - 1 **Condition** – During the audit we noted that the Director received a one-time performance payment upon receiving a satisfactory evaluation as stated in her employment contract. Such payments have been determined by legal counsel to have been issued in accordance with Attorney General Opinion number 97-190. However, upon review of the Library Director's employment contract, legal counsel found that the contract did not formally set out the intent of the one time compensation payment, tie it to performance, nor did it set objection standards or monetary value. The Attorney General suggests that these specifications be included in the employment contract in order to protect the right to make such payments.

Recommendation – We recommend that the Library have an attorney familiar with Attorney General Opinion number 97-190 aid in the revision of the Director's employment contract in order to clearly comply with the opinion.